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# The Creation of Wealth and Value - Yet Another Definition of Entrepreneurship

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## **Editorial**

### **The Creation of Wealth and Value – Yet Another Definition of Entrepreneurship**

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It seems strange that we should in this journal be defining entrepreneurship as if it were a philosophy in Raymond W Y Kao's definitions that emblazons the inside cover of the journal. They are unlike other definitions of entrepreneurship that have focused either on the individual entrepreneur, his or her traits, or a process that ranges from the pre-launch to post-launch stages of a business venture. One might argue that it does not provide a working definition for research in view of its breadth.

However, if one were to be open-minded, not dismiss the definitions and examine them, one discovers that they do provide a liberating and all encompassing idea – they supply meaning and purpose to those who seek to put them into practice. The definitions can only be practiced if there is the accompanying attitude changes: wealth creation, value creation and the creation of these in the context of self and not self alone but the world. These attitude changes are the essence of the definitions. It is a liberating set of definitions for they expand the boundaries of entrepreneurship. Entrepreneurship is for everyone who seeks to practice wealth and value creation. It can feature in an individual who is an employee or in a firm where the enterprising culture exists. One is not required to be the founder-owner of new ventures.

The cynics at this stage would say that all these are balderdash – entrepreneurship should not be defined in such an all-embracing manner. However, the cynics should be reminded that no other definition has received universal acceptance for one reason or another. One possible reason for the rejection of previous definitions has been their perceived incompleteness.

Of Kao's definitions, on the other hand, one cannot say the same. Perhaps the reason entrepreneurship has defied an easy definition since its early days lies in the fact that the earlier definitions failed to accommodate other individuals, other than business founders or the managerial risk takers.

#### Relevance of the New Definitions

Entrepreneurship, thus defined, is very relevant today when it is tempting in the light of the democratic revolution (Greshman, C., 1989), to think that a mere change of a political system (from communism to democracy) or a change in the economic system from a command economy to a market system will automatically translate into a change in a country's economic prospects for prosperity. It would be a gross error to think that now with most nations, if not every nation, formerly aligned with communism deciding to "Go West", that this would signal greater prosperity for the former communist countries making the switch to democracy.

It is true that democracy has rebounded from its perceived fate in the 1970 when Senator Patrick Moynihan observed that liberal democracy "is where the world was not where it is going... Increasingly, democracy is seen as an arrangement peculiar to a handful of North Atlantic countries." (Moynihan, D.P., 1975) However, the introduction of democracy in itself does not guarantee anything. An eminent MIT political scientist Brad Roberts noted that "As a generator of short-term bursts of high growth rates or of the rapid redistribution of wealth,

democracies have not always done as well as a few – or badly as most – authoritarian states. Over the long run, however, democracies tend to promote the steady accumulation and distribution of national wealth at a pace that does not tear apart the social fabric.” (Roberts, B., 1990) Democracy does not guarantee growth. Worse still, it could be democracy only in name. After all, it has been observed that even dictators have been known to use the language of democracy to lend to their causes. (Dahl, R. A., 1989)

A change in the economic system, too, does not always lead to economic success. There are numerous examples of late that illustrate this. Russia and the former East Germany still possess economic woes. Britain, a nation that has a market economy and contributed some of the leading economic minds, including Adam Smith, T. R. Malthus, J. S. Mill, J. M. Keynes and J. R. Hicks, has an economy known for its slow growth. (Olson, M. 1990)

More is required than just a democratic political system or a market economy. How else can one explain why another Marshall Plan may not work today in another nation though it once worked in post-war Germany. (Dahrendorf, F., 1987) It could be as Dahrendorf observed as a need for motivation – “What values are peculiarly suited or unsuited to get modern economies going?” – and a removal of the obstacles to participation in the economic process. (Dahrendorf, F., 1987) He added that “(a) modern economy cannot rely on passive participation alone. In one form or another, Joseph Schumpeter’s entrepreneurs have to be added to Keynes’s measures to stimulate demand.” If Kao’s definitions had been available earlier, he could have referred to “Kao’s” entrepreneurs.

Entrepreneurship as defined by Raymond Kao permits every individual to participate in all aspects of life, to contribute to wealth and value in its broadest sense, for self and always for society. Thus defined, entrepreneurship has much in common with democracy in its original form – the Greek democratic city-state. In the city state then, according to Robert Dahl, in “the Greek vision of democracy, the citizen is a whole person for whom politics is a natural social activity not sharply separated from the rest of life...” (Dahl, R. A., 1989) Every citizen participated in the government of the state at assemblies and in holding office. It is in the democratic idea of participation that Raymond’s definition of entrepreneurship for everyone has in common: through entrepreneurship everyone can participate not only economically but also socially. Modern democracy is the original concept of democracy transformed to accommodate the large number of people in a nation-state as opposed to a city state. (Dahl, R. A., 1989)

There may be forces in a modern democracy that “seem to conspire against innovation and initiative.” (Dahrendorf, F., 1987) However, one hopes that Kao’s ideas about entrepreneurship will bring about change. The definitions are timely because in this day and age, the individual often thinks that entrepreneurship is only for the select few with the flair and capacity for risk-taking. If the individual were an employee, he or she would leave matters to others, relegating his or her role to that minimum required by management. It is entrepreneurship by individuals, whether individually or collectively, that leads to the growth potential of the various economies within which they reside. They account not only for the new combinations described by Schumpeter, the corporate giants, but also for the higher productivity that speaks for national economic well-being.

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